

WASHINGTON, D.C. 20505

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OLC RECORD COPY

Legislative Counsel

OLC 78-2121/H

25 OCT 1978

Mr. J. Dexter Peach, Director
Energy and Minerals Division
General Accounting Office
Washington, D. C. 20548

Dear Mr. Peach:

In response to your request, this confirms in writing information which has been relayed to you by a representative of this office concerning the classification of a report prepared by GAO entitled "Nuclear Diversion in the United States? Thirteen Years of Contradiction and Confusion." We are unable to react positively to your declassification request for a number of reasons. The principal reason is the requirement to protect intelligence sources and methods from unauthorized disclosure, as was explained in Director of Central Intelligence Turner's 1 September 1978 letter to Mr. Staats. Another contributing factor is the often inextricable linkage between sections of the report. Finally, it is my understanding that you are aware of an ongoing Department of Justice investigation of this subject and we defer to the Department of Justice completely on the effect publication of the GAO report would have on this investigation.

In light of the above, I assume we have your assurance that the report will be appropriately marked to assure that it is handled in accordance with security requirements.

Sincerely

[Redacted Signature Box]

for Frederick P. Hitz

Distribution:

Orig - Addressee

1 - Mr. Shackley, AD/DCI/CT

1 - [Redacted] DDO [Redacted]

1 - OLC Subject

1 - OLC Chron

OLC:ABS:JMS (Retyped 25 OCT 1978) Approved For Release 2004/10/12 : CIA-RDP81M00980R001500040045-3

Retyped OLC:LLM:ndc (25 Oct 78)

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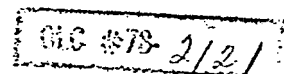
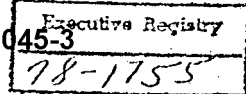
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<p>TO : Mr. Hitz <i>LLM</i></p>	<p>DATE OF REQUEST <i>25 Oct 78</i> 20 Oct 78</p>																		
<p>FROM : <i>ABS</i> ABS via PLC</p>	<p>SUSPENSE DATE</p>																		
<p>SUBJECT:</p> <p>Letter to J. Dexter Peach, Director, Energy and Minerals Division, GAO confirming that CIA has completed its review of GAO's classified report entitled "Nuclear Diversion in the United States: Thirteen Years of Contradiction and Confusion"</p>																			
<p>NOTES</p> <p>Although the Director has agreed to advise GAO orally of our decision not to go with a declassified version (see attached background), GAO is insistent that we provide them with a written confirmation of this fact. This response has been coordinated with Mr. Shackley and </p> <p style="margin-left: 40px;"><i>We should go back in writing to assure the record is clear as to our position with GAO. plc</i></p> <p style="margin-left: 40px;"><i>The FBI is sending a similar ^{written} reply which will stress their ongoing investigation, of this issue. ABS.</i></p>																			
<p>COORDINATED WITH (list names as well as offices)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">NAME</td> <td style="width: 30%;">OFFICE</td> <td style="width: 20%;">DATE</td> </tr> <tr> <td>Theodore Shackley </td> <td>AD/DCI/CT</td> <td><i>20/10/78</i></td> </tr> <tr> <td>NAME </td> <td>OFFICE</td> <td>DATE</td> </tr> <tr> <td>NAME </td> <td>DDO/C/NE/ISR</td> <td>DATE</td> </tr> <tr> <td>NAME </td> <td>OFFICE</td> <td>DATE</td> </tr> <tr> <td>NAME </td> <td>OFFICE</td> <td>DATE</td> </tr> </table>		NAME	OFFICE	DATE	Theodore Shackley 	AD/DCI/CT	<i>20/10/78</i>	NAME 	OFFICE	DATE	NAME 	DDO/C/NE/ISR	DATE	NAME 	OFFICE	DATE	NAME 	OFFICE	DATE
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<p>ACTION REQUIRED BY GLC</p> <p style="margin-left: 40px;">letter for your signature</p>																			



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548



INTERNATIONAL DIVISION

JUN 16 1978

The Honorable Stansfield Turner
Director, Central Intelligence
Agency
Langley, Virginia 20505

Attn: Office of Legislative Counsel

Dear Admiral Turner:

In keeping with our established practice, I am forwarding a copy of a draft report entitled "Review of Information Developed on the Alleged Diversion of Nuclear Material from the Nuclear Material and Equipment Corporation" for your review for sensitive "sources and method" information.

Your attention is directed to the restrictions stated on the cover of the draft report concerning its use and the need to prevent public or other improper disclosure of its contents. No copies should be made of the draft and the draft belongs and must be returned to GAO on demand.

In view of the high level of congressional interest in the review, we must receive your response within 3 days of the date you receive this letter in order to properly protect the contents of the report before we send it to the appropriate agencies for official comment.

When your review of the draft is complete or if you have any questions regarding it, please contact James Howard on 353-5616 or Clifton Fowler on 353-5723.

Sincerely yours,

J. Kenneth Fasick
Director

Enclosure

S E C R E T

78-1819/3

6 OCT 1978

MEMORANDUM FOR: Director of Central Intelligence

VIA : Deputy Director of Central Intelligence

FROM : John H. Stein
Acting Deputy Director for Operations

SUBJECT : GAO Report on Alleged Nuclear Diversion

REFERENCE : Our memorandum on the same subject,
dated 30 August 1978

1. Action Requested. Review options outlined in paragraph 3 and note recommendations.

2. Background. Since forwarding Reference to GAO, there has been no response to our letter. We assume the report, as previously drafted, will stand. GAO has asked us to declassify our contributions to this report. We have worked on sanitization of the report, and this version is attached. The FBI also has been asked to sanitize their contribution and is taking the position that they will not declassify. The Department of Energy's position also is that they do not want to declassify their portion.

3. Staff Position. This leaves us with two options:

a. Clear the sanitized report for passage to GAO:

(1) Pro - This is responsive to GAO's request.

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(2) Con - In our sanitized report, every effort was made to protect intelligence sources and methods [redacted]

[redacted] however, the sanitized report still would reveal sensitive information [redacted]



RECOMMENDED → b. Advise GAO that we cannot declassify our report because of the need to have a coordinated Executive Branch position and our desire to protect a sensitive and valuable [redacted] equity.

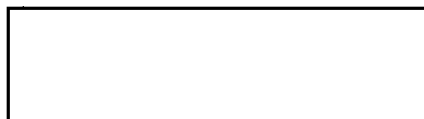
(1) Pro - (Our reasons are identical to those stated in paragraph 3a(2) above.)

(2) Con - This is unresponsive to GAO's desires.

4. Coordination. This has been coordinated with OLC, OGC, NE Division and CTS.

5. Recommendation. Option B. If you concur, GAO will be advised orally by OLC.

YES
NO



John H. Stein

Attachments:

- A. GAO report
- B. Booklet, #95-29

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